

WATERMARK

FEDERAL EMERGENCY MANAGEMENT AGENCY

On Your Mark...

Update on Lender Compliance

As the National Flood Insurance Reform Act of 1994 is being interpreted and implemented, close coordination with lenders and regulators continues to be of utmost importance to all of us. Lender compliance with the Act will be a major force in increasing the number of flood insurance policies.

Regulations for the Lending Industry

Listed here are some of the various regulations that have already been published to implement the lender requirements of the Law. Housing and Urban Development published their memo "Single Family Loan

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Get Set...

Update on Program Simplification

One of the three major initiatives of the Federal Insurance Administration (FIA) is program simplification. FIA is working with our insurance industry partners to make flood insurance easier to write and easier to buy. We have made tremendous progress. So far, the following tasks have been completed:

- Payment of flood insurance policy premiums by credit card
- Provisional rating of flood insurance policies – provides a mechanism whereby policies requiring elevation certificates can be rated and issued, provided that the elevation information is forthcoming at a later date
- Expansion of coverage options under the low-cost policy
- Modification and reduction of the rate tables by combining the rates and collapsing the flood zones where feasible
- Standard Risk – the Rating Section of the Flood Insurance Manual now has a premium table for Pre-FIRM, single family dwellings located in A or V zones

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Notice to Watermark Readers

We regret that due to the Federal government shutdowns in 1995 and 1996, we were unable to publish the 1995 Fall/Winter *Watermark*. We do appreciate your continued support of this publication and hope that you find this issue to be helpful and informative. **W**

GO!

Update on Marketing

By now, you have probably seen the NFIP flood insurance commercials on cable television and print ads in national magazines. You have probably ordered a couple of posters, a few hundred stuffers, an ad slick here and there, and at least a dozen fact sheets so you can take advantage of the national advertising in your area. If you haven't...well, maybe it's time you did!

In September 1995, we mailed a brochure to NFIP stakeholders to announce **Cover America**. We included a chart of cable television stations and magazines where you will see the NFIP commercials and ads. Also enclosed was an order form for tie-in materials, like the posters, stuffers, ad slicks, and revised fact sheets.

In October 1995, we delivered on our promise to launch a nationwide campaign to increase awareness about flood insurance and to motivate people to buy it. The first phase of our advertising effort is designed to build awareness. At the beginning of 1996, we began the response-oriented phase with longer television commercials that deliver a stronger message to encourage people to buy flood insurance.

You'll see that all of the commercials and ads include a call-to-action: "Call your insurance company, agent, or 1-800-611-6123," along with our new logo and tag line, "We can't replace your memories, but we can help you build new ones."

All of these efforts were the result of research conducted around the country in areas with high market potential. We worked with the flood insurance committees: Flood Insurance Producers National Committee, Write Your Own

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Message from the Administrator

Dear Watermark Reader:

By the time you read this, we will be into our second year of our 20-percent challenge. The first year was a good one. We increased by more than 124,000 new contracts in force. That is the best one-year growth we have ever experienced in the history of the program. Some WYO companies have already made their goal; others are well on their way. Some are a little discouraged that they are not exactly where they should be. But I don't think anyone should worry. The programs and projects we set in motion to help you realize this goal are now coming to fruition. Take advantage of them and watch your numbers soar.

For instance, the lender compliance requirements contained in the National Flood Insurance Reform Act of 1994 are being implemented. The standard flood hazard determination form is a reality, the procedures for the appeal process are nearly complete, the Federal Financial Institutions Examination Council has issued their proposed regulations, and we continue to work closely with the lending and regulating communities to ensure that we have uniform understanding and implementation of the National Flood Insurance Reform Act. For more, see the update on lender compliance on the front page.

Program simplification is also in high gear. We have so many accomplishments in this area, and I am very proud of those who are making these important changes happen. People can now buy flood insurance with a credit card. Rate tables have been collapsed. Provisional rating is also in effect. New ways to rate policies so people have the coverage faster are being researched. We are constantly working with our industry partners to find additional ways to make flood insurance easier to write and understand. We recognize that the easier it is for insurance agents and companies to understand, the more willing they will be to write and service this coverage. To find out more, see the program simplification update on the front page.

An, marketing is also right on target. We promised you that we would have commercials on national television and advertisements in national magazines in October 1995, along with collateral materials you could use to tie-in to the campaign. You have ordered so many of these collateral materials already, that we have had to reprint all of the materials! I hope you have seen the commercials and ads. We are so pleased with the work that our advertising agency, Bozell Worldwide, Inc., has done, and I hope you are as pleased as we are with the results of their hard work. An update about marketing also begins on the front page.

So much of what we are doing in these three areas reflects on the suggestions we received from you at the 1995 National Flood Conference. To keep you informed of these suggestions and FIA's actions, we have added a new section to the *Watermark*, called "Confluence," which you can read beginning on page 8.

In addition to all these wonderful projects that will make it easier than ever to sell flood insurance, let me give you another reason why it will be easy to reach our goal. There are more than 69 million estimated homeowner policies throughout the United States, and 6.9 million of these are estimated to be in SFHAs. Of that 6.9 million, 4.3 million are required by law to have flood coverage. However, only 2.2 million of those have flood insurance policies. That means there are more than 2 million homeowner policies waiting to be written. Compared to that, our goal to write 508,362 new flood insurance contracts is a drop in the bucket! With our efforts to market flood insurance, improve lender compliance, and simplify the program, there will be no problem reaching our goal. Then, we can set our sights on that 2 million!

As you read the exciting developments in the three focused areas and compare our progress to the suggestions made at the conference, I think you will be as pleased as I am with our results. Thank you for your continued support of the NFIP. We appreciate your insight and dedication to making the NFIP successful in protecting so many Americans. Let's keep up the good work so that come Sept. 30, 1996, we'll all have a reason to pat ourselves on the back!

Sincerely,

Elaine A. McReynolds
Administrator, Federal Insurance Administration

On Your Mark... from page 1

Production-Revised Flood Insurance Requirements" in Mortgage Letter 95-01 on Jan. 5, 1995. Fannie Mae published *Changes to Our Flood Insurance Requirements* in Announcement Number 95-10 on Jun. 8, 1995. Freddie Mac published *Revised Flood Insurance Requirements* for 1-4 Single Family Dwellings in Bulletin Number 94-18 and a revision to the *Single Family Seller/Service Guide* in Bulletin Number 95-3 on Mar. 13, 1995. The Federal Bank Regulatory Agencies published their proposed rules in the *Federal Register* on Oct. 18, 1995. The proposed rules will have a 60-day comment period and the final rules will be effective on or after Apr. 1, 1996.

Updating Publications

We are updating FIA's booklet titled, *Mandatory Purchase of Flood Insurance Guidelines*, which is expected to be available in the fall of 1996. A task force is working to revise the booklet to incorporate the National Flood Insurance Reform Act changes.

FIA will also be updating the *Federal Regulations and Instructions on Flood Insurance Compliance for Lenders and Servicers* (Lender green book) to include the new bulletins issued by HUD, Freddie Mac, and Fannie Mae; the final rule from the Federal Bank Regulatory Agencies; the final rule about the Standard Flood Hazard Determination Form; the final rule about FEMA review of determinations; and other updates. You can use this helpful publication in your discussions with lending institutions.

Standard Flood Hazard Determination Form

The final rule about the Standard Flood Hazard Determination Form was published in the *Federal Register* on Jul. 6, 1995. Use of the form is mandatory as of Jan. 2, 1996. Federally regulated lending institutions must use the form when determining whether any improved real estate or a manufactured home offered as collateral security for a loan is located in a Special Flood Hazard Area.

FEMA Review of Determinations

FEMA is working on the draft, for the final rule, about the review of determinations as mandated by Section 524 of the Act. The final rule became effective in January 1996 in order to coincide with the effective date for the Standard Flood Hazard Determination Form.

Interagency Task Force

The first official meeting of the Flood Insurance Interagency Task Force was held on Mar. 30, 1995. Federal Insurance Administrator Elaine A. McReynolds was unanimously elected as the chair. Further meetings were held Jul. 13, Sept. 22, and Dec. 4, 1995. Workgroups were established to carry out the five task force responsibilities

defined in the National Flood Insurance Reform Act:

1. Standardization Enforcement Procedures for the National Flood Insurance Reform Act
2. Study of Compliance Assistance
3. Study of Compliance Model
4. Recommendations for Enforcement and Compliance Procedures
5. Study of Determination Fees

A sixth workgroup was established to resolve condominium issues.

Lender compliance is crucial to making sure that people most at risk for flooding have the flood insurance protection they need. The coordination among FEMA staff and the various lending and regulatory groups will help ensure that the intent of the law is followed. ■

1995 National Flood Conference: A New Approach



"Mark Twain" speaking at the 1995 National Flood Conference

The 1995 National Flood Conference, renamed from the WYO Conference to recognize the increased participation from all NFIP stakeholders, reflected the new and exciting changes that we are working together to achieve.

The conference began on May 30, 1995, in St. Louis, Mo., with a visit from one long acquainted with the

Mississippi River: Mark Twain. His stories of the history of the river and the many floods he has witnessed were complemented by two business owners who personally experienced the 1993 Midwest Flood. Conference attendees participated in a simulated flood experience that began with a power outage and continued with the sound and fury of an intense rain storm with thunder and lightning. The drama was intensified as the audience joined in a sandbagging brigade. This exciting show of support to sandbag was even aired, in part, on local television stations. FEMA Director James L. Witt was greeted with a standing ovation from the largest audience ever to attend our annual conference, followed by a videotaped message from President Clinton.

The following day, Federal Insurance Administrator Elaine A. McReynolds shared highlights of significant experiences since the last conference. For example, she showed video segments of NFIP mini-conferences held around the country where we heard from people on the front lines who make the NFIP work. She also

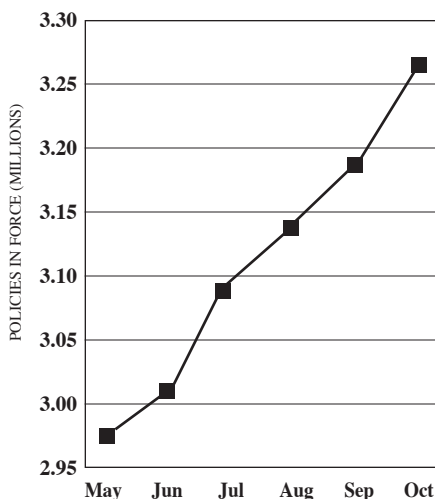
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COAST TO COAST

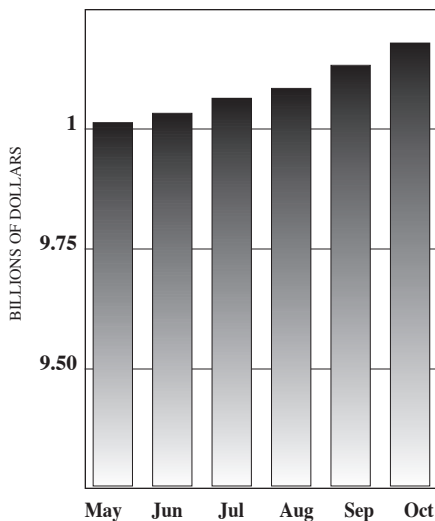
Flood Insurance Milestones

In June 1995, the NFIP reached two new highs. The first was the number of policies in force—peaking at 3 million with more than \$300 billion in coverage. The second was in written premium, which reached \$1 billion, the highest ever recorded in the history of the NFIP. It's a cinch by the inch...thanks for your inch!

PIF Growth – Last 6 Months



Total Written Premium – Last 6 Months



Administrator Announces Cover America at IAA



James Klagholz, Chairman, IAA Government Affairs Committee; Elaine McReynolds, Federal Insurance Administrator; George Shaffer, IAA President; Paul Equale, IAA Senior Vice President Government Affairs

Photo by Art Stein

In September 1995, the Independent Insurance Agents of America (IIAA) celebrated its 100th annual convention in Las Vegas, NV. Federal Insurance Administrator, Elaine A. McReynolds, participated in the conference. In her presentation to the 3,000 agents in attendance, she announced the new Cover America campaign and commended IIAA for its efforts to educate consumers about the importance of flood insurance.

The NFIP Mini-Conferences... Coming to a Town Near You

A series of 1-day flood awareness mini-conferences featuring the Federal Insurance Administrator, Elaine A. McReynolds, were held or are scheduled for each of the 10 FEMA/NFIP Regions. These mini-conferences focus on the role of insurance agents and companies, lenders, appraisers, realtors, floodplain managers, disaster and emergency managers, and community officials to heighten awareness of the NFIP and the importance of having flood insurance. Afternoon breakout sessions allow insurance agents, lenders, and community officials the opportunity to focus on particular issues or problems they have encountered. Mini-conferences have already been held in 6 of the 10 regions: III, IV, VI, VIII, IX, and X. A tentative schedule for the remaining conferences is presented below.

The First Biennial National Mitigation Conference

Designed with the American taxpayer in mind

To promote mitigation on the local level, builders, planners, state and local officials, insurance representatives, and others need to fully understand it. Therefore, FEMA's Mitigation Directorate held their first Biennial National Mitigation Conference, Dec. 6 through Dec. 8, 1995, in Alexandria, Va. The conference gave the FEMA Mitigation Directorate the opportunity to strengthen its relationship with those who make mitigation decisions in the communities where we live and work. Some of the topics covered were: risk assessment, measuring mitigation success, building codes and enforcement, pre- and post-disaster mitigation, floods, wind/hurricanes, public awareness and involvement, legislative updates, and much more.

Planned Schedule of Upcoming NFIP Mini-Conferences

| | | |
|------------|-----------------|------------------|
| Region V | Madison, WI | Jul. 1996 |
| Region I | Braintree, MA | Sept. 1996 |
| Region IV | Montgomery, AL | Jan.–Feb. 1997 |
| Region VII | Kansas City, KS | May–Jun. 1997 |
| Region II | Long Island, NY | Aug. –Sept. 1997 |

ENDER NEWS

Standard Flood Hazard Determination Form

The new Standard Flood Hazard Determination Form has been out for a while, and its use is mandatory as of Jan. 2, 1996. Below are some questions and answers to help you understand the form.

Q. *Who has to use the standard flood hazard determination form?*

A. Federally regulated lending institutions and Federal agency lenders must use the form when determining whether improved real estate or manufactured home offered as collateral security for a loan is located in a Special Flood Hazard Area (SFHA). Loans being sold to the secondary market (Fannie Mae and Freddie Mac) will also require the form.

Q. *What form has to be used?*

A. FEMA form 81-93 must be used. The form may be reproduced. It is not necessary to obtain original forms from FEMA. The form may be used in a printed, computerized, or electronic manner. Computerized versions of the form may be developed by form users and the resulting printed copy should resemble, as closely as possible, the version of the form printed in the *Federal Register*. An electronic version of the form is being developed, but is not currently available.

Q. *When does it have to be used?*

A. The form was published by FEMA as a final rule in the *Federal Register* on Jul. 6, 1995. Mandatory use of the form began Jan. 2, 1996. Lenders could use the form any time before Jan. 2, 1996. The form is to be used when determining whether a structure or manufactured home, used as collateral for a loan, is located in a SFHA.

Q. *Where can I get a copy of the form?*

A. Requests for a single camera-ready copy of the form can be faxed to FEMA's Office of Printing and Publications at (301) 497-6378. ■

Get Set...from page 1

- FEMA telephone line (see page Ref 3 of the Flood Insurance Manual)
- "No certification" rates for buildings in AO and AH zones
- Clearinghouse information about flood insurance rating software.

Other areas are being investigated to make the sale and purchase of flood

insurance more attractive. FIA is working with ACORD to design a Flood Insurance Application that meets ACORD standards. Reformatting and rewording of the Standard Flood Insurance Policies are underway. FIA is making every effort to make flood insurance as easy to sell and purchase as homeowners and automobile insurance. ■

GO! from page 1

Marketing Committee, and Insurance Institute for Property Loss Reduction's Flood Insurance Committee, to get their input and keep them up-to-date.

Since the end of May 1995, when we hired our advertising agency, Bozell Worldwide, Inc., we have conducted market research around the country to develop an advertising strategy and message. We then prepared the commercials and ads, developed numerous tie-in materials that reflect the theme and look of the campaign, and placed our commercials on national cable television and print ads in major national magazines, all within 4 months. Many of our insurance industry partners were very helpful in providing information and giving comments on very short notice. We thank you. We hope you are as pleased with the results of this hard work as we are.

We have had very positive responses from the insurance industry as well as from consumers. In the first 4 months, more than 22,000 agents signed up for the NFIP Leads Generation Program.

During this period (October 1995 through January 1996), we received nearly 13,000 calls from consumers across the nation. In February alone, when our new response-oriented commercials began airing, we received more than 13,000 calls!

For monthly updates about Cover America and order forms for tie-in materials, please call the FEMA Fax at (202) 646-FEMA. This system allows you to access a wide variety of information within minutes of your request. You can have a list of all the documents available on this system faxed to you, or if you already know the number of the document you need, you can order up to three. The document numbers for Cover America information are listed below.

- Agent Sign-up Form for NFIP Leads Generation Program23017
- Cover America Campaign Materials Order Form23018
- Monthly Cover America Update23019

We encourage you to take advantage of this ongoing opportunity to reach more people to tell them why flood insurance is important. Cover America has started. Have you? ■

The following acronyms are used throughout **Watermark**.

| | | | |
|-------------|---------------------------------------|--------------|---|
| BFE | Base Flood Elevation | NFIP | National Flood Insurance Program |
| CIF | Contracts In Force | PIF | Policies In Force |
| CMP | Condominium Master Policy | RCBAP | Residential Condominium Building Association Policy |
| CRS | Community Rating System | SFHA | Special Flood Hazard Area |
| FEMA | Federal Emergency Management Agency | SFIP | Standard Flood Insurance Policy |
| FIA | Federal Insurance Administration | SR | Service Representative |
| FICO | Flood Insurance Claims Office | TRC | Telephone Response Center |
| FIRM | Flood Insurance Rate Map | WYO | Write Your Own |
| MPPP | Mortgage Portfolio Protection Program | | |

N HIGH GROUND

Flood Insurance, Largest Cause of Errors and Omission Claims

Bob Ross, Florida Association of Independent Agents

Flooding occurs all over the country. It is not confined to certain areas like earthquakes and hurricanes. Flooding occurs more than four times as often as fire. Its losses reach billions of dollars annually, a tremendous amount of which is completely uninsured! In spite of all those devastating facts and figures (all true!), there seems to be no disagreement about the difficulty insurance producers have in selling flood insurance, and the difficulty property owners have in convincing themselves they should buy it (and they are the ones who have suffered the uninsured flood losses). Add to that the fact that flood insurance has become the largest cause of errors and omission claims for producers and you get a "hand-painted mural" of the confrontations that exist.

Every insurance producer should have a working knowledge of flood insurance, or at least a talking knowledge so that prospects can be referred to someone in the agency conversant with flood. So often it's that lack of knowledge, or that wrongful assumption of having knowledge, that leads to the vast errors and omissions exposure.

Here are just a few examples of E & O claims, many of which should never have happened, given the proper training and awareness of the importance of flood insurance:

- An agent was unaware that a check had to be submitted with the application in order for coverage to become effective. A loss occurred and an E & O claim was paid because there was no policy in force.
- A property owner alleged the agency advised flood insurance was not available in his area. A flood loss occurred, at which time the property owner discovered flood

insurance was available. The agent was sued; there was no documentation in the agency files, and the agent lost the case.

- An insured alleged the agent failed to advise that contents in a basement were not covered. An E & O claim was paid.
- An insured alleged the agent delayed in processing an endorsement to increase policy limits. A loss occurred within the (then) 5-day waiting period. A "swearing match" developed. The agent did not win; a compromise settlement was made.
- An agent wrote numerous policies in a given area. Because this area had previously become ineligible for the flood program, the NFIP canceled the policies, providing no

coverage for the damages after a flood occurred. An E & O claim was paid.

- A flood loss occurred. There was no coverage for contents in a warehouse. The agent stated coverage was offered, but was declined by the claimant. The claimant said the agent's statement was untrue. Another "swearing match." The case is still pending.

Again...producers and agencies have an added responsibility to their clients to be familiar with the nuances of flood insurance and always – always – recommend it to their clients.

Editor's Note: The term "swearing match" (a rather common term in E & O situations) is simply one side saying one thing and the other side saying exactly the opposite. ■

20% Growth Goal...Our report card on the first year

Twenty-five of the companies actively writing flood insurance policies are on track or have exceeded 25 percent of their growth goal! Looking at the overall National Flood Insurance Program growth through 6 months, 46 companies have increased their business with new policy contracts.

All new WYO companies have had individual growth goals set by FIA. One new company has been writing for less than 6 months and has already exceeded 25 percent of its goal!

A report is sent to each WYO company each month citing its individual growth goal. The graphic below shows the combined status of all WYO companies towards the 20-percent growth goal.

The number of Contracts In Force (CIF) showed a decrease from February to March 1995, but this does not signal a

reversal of the long-term growth trend. Rather, it is a one-time adjustment as the 30-day waiting period went into effect. New policy contracts did not go into effect in the same month as they were written. CIF data showed an unusually high increase during June 1995. This is attributed to a number of factors, including the lessening of the residual effect of the 30-day waiting period, more attention to flood coverage by lenders, and the WYO companies and agents further increasing their marketing efforts stimulated by the 20-percent growth incentive. Another contributing factor was the record-setting flooding in Louisiana in May and the extraordinary tropical/hurricane activity from June to November 1995, that spurred both policy retention and new business. ■

PERSPECTIVES

Cover America

Q. What is Cover America?

A. **Cover America** is FEMA's nationwide campaign to create awareness, and inform and educate consumers about the value of buying and maintaining flood insurance coverage. Through advertisements in magazines, commercials on national cable television stations, articles and editorials, appearances on television programs and radio shows, special mail packages, brochures and fact sheets, consumer and business trade show display exhibits, speaker kits, and more, we will dispell the myths about the NFIP and encourage people to contact their insurance company or agent about flood insurance.

Q. How can I find out about Cover America activities?

A. For a monthly update on Cover America activities, you can call the FEMA Fax, 24 hours a day, at (202) 646-FEMA, and request document number 23019. You can also get an order form for tie-in materials through the FEMA Fax by requesting document number 23018.

NFIP Leads Generation Program

Q. What is the NFIP Leads Generation Program?

A. The NFIP Leads Generation Program has been designed to put people in contact with an insurance agent, in the caller's zip code, who writes flood insurance if the caller's current company or agent does not write flood insurance or the caller cannot find a company or agent to write the coverage.

Q. How does the NFIP Leads Generation Program work?

A. The NFIP Leads Generation Program helps join qualified leads with insurance agents who can complete the sale of flood insurance.

When a call comes into the Telephone Response Center, the Service Representative (SR) who answers will ask some basic questions, including the affiliation of the caller. If the caller is looking to buy flood insurance, the SR will ask if the caller already has insurance through a company or agent. Below are the three scenarios:

1. If the caller lists an agent, the SR checks the name against the list of agents who signed up for the Leads Generation Program.
 - If the agent's name is there, the SR refers the caller to their current agent.
 - If the agent is not on our list, the SR will still refer them to their current agent.
2. If the caller lists an insurance company, the SR checks to see if the company is a WYO
 - If it is a WYO company, the SR will refer the caller to that WYO, providing a telephone number when possible.
 - If the company is not a WYO, the SR will use the list of agents signed up for the Leads Generation Program to make a referral.
3. If the caller has no insurance company or agent, or needs one, the SR will use the list of agents to make a referral.

Our purpose is to make sure callers who need a flood insurance policy and don't already have an insurance company or agent can get one. We also want to maintain existing relationships between callers and their current insurance company or agent.

Q. How can I get an application for the NFIP Leads Generation Program?

A. If you have not already received the form to sign up for the NFIP

Leads Generation Program, you can call the FEMA Fax, 24 hours a day, at (202) 646-FEMA and request document number 23017.

Q. How can I verify that my application to sign up for the NFIP Leads Generation Program has been received?

A. Insurance agents who have signed up for the NFIP Leads Generation Program and want to know if their application was received can call 1-800-720-1093.

Q. When will the referrals start?

A. We have already started making referrals! But, if you don't get one right away, please be patient: the ads and commercials have just begun. We expect that calls from people who need an agent to write flood insurance will increase as the campaign progresses.

Q. Is this for NFIP agents only? WYO agents? Both?

A. The NFIP Leads Generation Program is for all insurance agents interested in signing up, including NFIP and WYO agents. Non-agent companies may also participate.

Q. How should I list the zip codes? I write for the whole city, not just one area.

A. This is one of the most important pieces of information insurance agents must complete to be part of the NFIP Leads Generation Program. Leads are referred by zip code only, so agents, please type or legibly print in the zip codes in which you write flood insurance.

The only exception is if the agent writes in an entire state. In this case, the agent may list the state and we will be able to generate the list of zip codes within that state. Otherwise, please list each zip code in which you write flood insurance.

Q. Is there a limit to the number of zip codes I can list?

A. No. However, please list only the zip codes in the immediate areas serviced. ■

CONFLUENCE

Confluence...

A flowing together of two or more streams, A gathering together

—*The American Heritage Dictionary of the English Language*

At the 1995 National Flood Conference, we asked for your suggestions and input about ways to improve the NFIP. This new section is dedicated to reporting those suggestions and FIA's action on them. The conference workshops were divided into three groups: Lender Compliance, Program Simplification, and Marketing. What follows are the reports presented on the last day of the conference with suggestions to improve lender compliance, program simplification, and marketing. These reports were delivered by individuals nominated by the interactive session participants.

LENDER COMPLIANCE

as reported by

Mike Moye of NationsBank

Challenges

The lending community faces significant challenges in these areas:

1. 30-day waiting period
2. Condominiums
3. Home equity loans
4. Third-party zone determinations

Main Concerns

- The 30-day waiting period for existing loans is counterproductive for increasing the policy base and drives the lender or borrower to the private market. Lenders want to place the coverage when the loan goes into effect.
- Lenders would prefer a requirement to obtain insurance to replacement value or maximum limits, rather than the outstanding loan balance.
- Lenders need some additional direction about when they can charge fees for redetermination. Lenders are not interested in charging borrowers for redetermination due to map changes.
- Lenders have been confused by the

use of the term "life of loan" by the statute and the term "life of loan" used by some flood zone determination companies in the sale of their services. Lenders are cautious about the transferability of "life of loan."

Suggestions

- Do not apply the 30-day waiting period for renewals where the limits are being increased to \$250,000 or to the examples mentioned above.
- Provide a process for the lender to pursue endorsements to increase coverage to new maximum amounts without infringing on the borrower/lender relationship.
- All regulations coming from the regulators should be standardized.
- Lenders would like to have an extension on the effective date of the new regulations until all are standardized and there is full opportunity for input.
- Regarding third-party zone determinations, a clear, concise definition of "guarantee" is needed.
- The condominium policy available today cannot function in the marketplace to provide the lender or the borrower with the protection that it was intended to provide. The whole approach to the "Condo Challenge" needs to go back to the drawing board.
- The program needs to develop a different set of rules and regulations for home equity loans and lines of credit loans. The processes and requirements for first mortgages are very different in the lending world than home equity loans. The attempt to apply first mortgage rules for flood to those loans is tantamount to the old square peg in the round hole.

PROGRAM SIMPLIFICATION

as reported by Livia Hillmyer of New Jersey Re-Insurance

Challenges

- Difficulty in using multi-paneled z-fold flood maps
- Availability of elevation certificates through community officials
- Inadequate survey requirements and recordkeeping

Suggestions

- Get the states involved to overcome problems to expand survey requirements needed for sale or development of every developed land parcel.
- Record data on deed (risk zone, BFE, LFE).
- Conduct a periodic reinspection from the community's records.
- Optimize computer technology. Digitize Flood Insurance Rate Maps and get on the Internet.
- Use GEO coding from claims to identify new SFHAs.
- Rename the 100-year and 500-year floods, as the names are misleading to the public. The public has a difficult time understanding what the 100-year flood really means.
- Actively pursue the "no individual" certification option for selected communities.
- Eliminate Letters of Map Amendment on fill. Find ways to lessen the explosion of the number of LOMAs being granted by FEMA. Owners of elevated buildings in the same zone perceive this as unfair.

MARKETING

as reported by Keith Thompson of ITT Hartford

Challenges

- Find the correct marketing focus for two different groups
 - General Public, defined as the consumer who buys flood insurance
 - Flood Insurance "Experts," defined as the people the consumer will go to for information, such as insurance agents and companies, lenders, community officials, etc.
- Ensure consistency in message content and delivery

Main Concerns

- *The message is not received through lenders.* If the loan is not Federally backed, the lender may not require flood insurance. If the property has no mortgage, no one can require the purchase of flood insurance. If the building is in a B, C, or X zone, flood insurance is not required. If the building is being leased, there is no

(continued on page 12)

BENCHMARKS

Winners of the Agency of the Year Award

For the past 2 years, the Federal Insurance Administration has been recognizing outstanding agents who are dedicated to the sale of flood insurance with the Agent of the Year Award. However, based on your recommendations, we changed the title to the Agency of the Year Award. Below are the winners of the award with a brief description of what makes each agency worthy of this honor.



**MARC
EAGAN**

*Agencies of WYO
Companies with more
than 200,000 policies*

The first Agency of the Year Award was presented to the Eagan Insurance Agency, located in Metairie, La., which has 1,449 flood insurance policies, representing \$427,629 of coverage. In 1994, they increased their business by selling 688 flood insurance policies.

There are 24 employees at the Eagan Insurance Agency. All of them have received flood insurance training, and all of them sell flood insurance. To market flood insurance, they include flood insurance stuffers in all mailings; distribute a quarterly letter to clients advising them of updates, claims, and other information; ensure that all property policies have flood insurance or a letter offering the coverage; explain the benefits of flood insurance to all new property prospects; offer insurance to value or the maximum protection available; and send a letter to all clients about the new flood insurance limits available. Further, to increase awareness of floods, the Eagan Insurance Agency advertises on television and radio, and in publications. The em-

ployees also participate in business and social organizations to explain problems associated with flooding.

Omaha Property and Casualty Insurance Company nominated Eagan Insurance Agency, and explained that writing flood insurance has positioned the Eagan Agency as a community-minded business servicing the needs of its citizens.



**TOM
ROGAN**

*Agencies of WYO
Companies with between
100,000 and 200,000
policies*

The insurance agency of Frank R. MacNeill & Son has written \$9 million of flood insurance coverage—an increase of \$1.8 million since 1992. Frank R. MacNeill & Son is a managing general agency located in Miami, Fla. that has been actively involved in the NFIP since its inception. There are 6 people on the staff who have contributed to the flood insurance sales effort.

Their marketing efforts include: flood training seminars to educate their agents; sponsoring 3 half-day flood seminars plus two more residential joint underwriters association and flood seminars; free flood zone determinations; superior customer service; and wide distribution of flood awareness brochures.

They were instrumental in designing two marketing pieces for American Bankers Insurance Group, the WYO company that nominated this agency. One such piece offers flood facts and explains the importance of flood insurance. The other attaches to Residential Joint Underwriters Association policies, warning that the policy does not cover flood damage.



**DAVID
DIGNAM**

*Agencies of WYO
Companies with less than
100,000 policies*

Service Insurance Company nominated Key Agency of Englewood, Fla. for this award. Key Agency has 1,427 flood insurance policies, representing \$674,351 of coverage. There are 20 full-time employees.

All of their insurance agents and customer service representatives explain the importance of flood insurance for new and renewal business to their 18,000 customers. To market flood insurance, Key Agency mails FEMA brochures and company products. They also display flood insurance posters throughout their agency. Key Agency staff have had several editorials published in local newspapers that explain the importance of flood and homeowners insurance.

When customers do not buy flood insurance, it is company policy to have them sign a "Notice of Flood Rejection" letter to help make it clear that the customer was offered, but refused flood insurance.

To increase awareness of floods, the two principals of the agency speak at many engagements throughout the Sarasota/Port Charlotte area. They explain the importance of being completely protected, especially in flood prone areas. Having been residents for more than 45 years, they are able to explain which areas of the county are at risk of flooding. Key Agency has also provided FEMA guidelines to local banks to help bank staff and customers better understand the value of Federal flood insurance.

It is routine for Key Agency staff to verify Pre-FIRM and Post-FIRM dwellings by counties. Local realtors, mortgage companies, and banks know that the Key Agency staff are the experts about the various flood zones in the area.

Key Agency, owned and operated by three generations of the Dignam family, has been serving the community of

(continued on page 11)

JUST AROUND THE BEND...

| MONTH/YEAR | MEETING | DATES | LOCATION |
|------------|-------------------------|-----------|-------------------|
| APRIL 1996 | AGENT | 4/10 | WATERBURY, CT |
| | AGENT & LENDER | 4/10 | PIERRE, SD |
| | AGENT | 4/11 | WETHERSFIELD, CT |
| | AGENT | 4/12 | NIANTIC, CT |
| | AGENT & LENDER | 4/15-4/16 | LAS VEGAS, NV |
| | AGENT & LENDER | 4/16-4/17 | S. CHARLESTON, WV |
| | AGENT & LENDER | 4/17 | EVERETT, WA |
| | AGENT | 4/18 | NORWALK, CT |
| | AGENT & LENDER | 4/18 | MINOT, ND |
| | AGENT & LENDER | 4/18-4/19 | BRIDGEPORT, WV |
| | AGENT | 4/19 | NORTH HAVEN, CT |
| | AGENT & LENDER | 4/19 | MT. VERNON, WA |
| | AGENT & LENDER | 4/22 | RIVERTON, WY |
| | CLAIMS PRESENTATION | 4/22 | BOSTON, MA |
| | AGENT & LENDER | 4/23 | LAFAYETTE, LA |
| | AGENT & LENDER | 4/23 | GRANTS PASS, OR |
| | CLAIMS PRESENTATION | 4/24 | LONG ISLAND, NY |
| | AGENT & LENDER | 4/25 | SPRINGFIELD, OR |
| | AGENT & LENDER | 4/25 | LAKE CHARLES, LA |
| | CLAIMS PRESENTATION | 4/26 | TRENTON, NJ |
| | AGENT & LENDER | 4/30-5/1 | LOUISVILLE, KY |
| MAY 1996 | AGENT & LENDER | 5/2 | METairie, LA |
| | AGENT & LENDER | 5/7-5/8 | MONROEVILLE, PA |
| | AGENT & LENDER | 5/7-5/8 | GREENVILLE, MS |
| | AGENT & LENDER | 5/9-7 | HOUSTON, TX |
| | AGENT & LENDER | 5/9-7 | HELENA, MT |
| | AGENT & LENDER | 5/9-5/10 | OMAHA, NE |
| | AGENT & LENDER | 5/14 | ALBUQUERQUE, NM |
| | NAIIA ANNUAL CONVENTION | 5/15-18 | SAN ANTONIO, TX |
| | AGENT & LENDER | 5/16 | SANTA FE, NM |
| | NATIONAL FLOOD CONF. | 5/20-22 | NASHVILLE, TN |
| | CLAIMS PRESENTATION | 5/20 | ST. LOUIS, MO |
| | AGENT & LENDER | 5/21 | REDDING, CA |
| | AGENT & LENDER | 5/22 | SEATTLE, WA |
| | CLAIMS PRESENTATION | 5/23 | NASHVILLE, TN |
| | AGENT & LENDER | 5/22 | OGDEN, UT |
| | AGENT & LENDER | 5/22 | KALISPELL, MT |
| | AGENT & LENDER | 5/22-5/23 | CHATTANOOGA, TN |
| | AGENT & LENDER | 5/24 | SEATTLE, WA |
| | LENDER | 5/26 | ORLANDO, FL |
| | AGENT & LENDER | 5/29-5/30 | CHARLOTTE, NC |
| | AGENT & LENDER | 5/30 | PHILADELPHIA, PA |
| JUNE 1996 | AGENT & LENDER | 6/4-6/5 | PRESTONSBURG, KY |
| | AGENT & LENDER | 6/6 | GILLETTE, WY |
| | AGENT & LENDER | 6/5-6/6 | WILKES BARRE, PA |
| | AGENT & LENDER | 6/11-6/12 | MONTGOMERY, AL |
| | AGENT & LENDER | 6/18-6/19 | HUNTSVILLE, AL |
| | AGENT & LENDER | 6/19 | BILLINGS, MT |
| | AGENT & LENDER | 6/19-6/20 | CARLISLE, PA |
| | AGENT & LENDER | 6/25 | BEND, OR |
| | AGENT & LENDER | 6/25-6/26 | JACKSONVILLE, FL |
| | AGENT & LENDER | 6/27 | COOS BAY, OR |

1995 National Flood Conference, *from page 3*

showed the devastation she witnessed after Tropical Storm Alberto ripped through Georgia, Alabama, and Florida. Another part of the video included the Administrator's discussion about flood insurance with one of our famous policyholders, Bela Karoli, the gymnastics coach for Nadia Comaneci and Mary Lou Retton. Then, the Administrator introduced the NFIP three-legged stool, the symbol for how the combined efforts of lender compliance, program simplification, and marketing work together to meet the Director's goal to increase the number of people who are covered with flood insurance.

The enthusiasm generated at the beginning of the conference, with its new experiential opening, was carried through the remainder of the event. The workshops were also changed to provide information as well as to gain feedback from conference attendees. We at the FIA have listened carefully to the suggestions from the conference attendees about how to make the NFIP more effective, and we consider them as we work to improve the NFIP. Refer to our new department, "**Confluence**," on page 8 to read about the suggestions made at the conference.

Planning for the next National Flood Conference is underway. It will be held in Nashville, Tenn., from May 20-22, 1996. While many question how we could top the 1995 conference, we surely plan to do our best! ■

**Watch for our new logo
in magazine and
television ads
across the nation.**



REDUCING FLOOD RISKS

Floodplain Management and Flood Insurance: A True Partnership

This new section will feature information about how floodplain management and flood insurance work together to help reduce flood risks.

Since its beginning, the NFIP has been designed so that floodplain management and flood insurance complement and reinforce each other. The partnership is established on the provision that FEMA will make flood insurance coverage available, provided that a community implements adequate floodplain management regulations that mitigate flood risk. Effective implementation of local floodplain management regulations helps keep flood insurance rates affordable.

The NFIP Community Rating System (CRS) is another example of this partnership. The CRS is an incentive-based program where communities that exceed the minimum NFIP requirements for participation can secure up to 45-percent premium reductions for the policyholders in that community. The objective is to reward those communities with floodplain management programs that exceed the minimum NFIP flood loss reduction requirements.

The National Flood Insurance Reform Act of 1994 further strengthens the NFIP to reduce the costly and devastating impact of flooding. The creation of mitigation insurance and the development of a mitigation assistance program are only a few of the provisions that will help reduce the cost of flood disasters and help communities manage their floodplains. ■

Editor's Note

Watermark is a publication intended primarily for insurance agents who write flood insurance, but contains information about the NFIP that may be helpful to other groups involved with the program. We want to make sure we are providing information that meets your needs. We welcome your comments and suggestions, as well as submissions for articles and departments. Additionally, we encourage you to reproduce articles and departments contained in the *Watermark* and include them in your own newsletter or other communication.

Send your questions, comments, suggestions, and submissions to Amie Coxon Ware:

Federal Emergency Management Agency
Federal Insurance Administration
500 C Street SW, Room 441
Washington, D.C. 20472
(202) 646-4623, Fax (202) 646-3689

Members of Congress with questions about *Watermark* or the National Flood Insurance Program, please call or write to:

Federal Emergency Management Agency
Office of Congressional Affairs
500 C Street SW, Room 820
Washington, D.C. 20472
(202) 646-4500

Agency of the Year Awards, from page 9

Englewood, Fla. since 1952. The insurance industry has recognized Key Agency with many awards. Travelers Insurance recognized them as a Tower Agency. Key's President, Tom Dignam has been named the Travelers "Agent of the Month" several times. Two agents make annual appearances at local schools to explain the insurance profession. In their nomination, Service Insurance Company explains that Key Agency not only promotes the insurance industry, but promotes their business in the community, and does an outstanding job of both.



**MOLLIE
FEARING**

Direct Agencies

The final Agency of the Year award went to an agency located in Manteo, N.C., that has won this award before. In 1993, FIA recognized Mollie A. Fearing, and we are proud to present her agency with this award again. The Mollie A. Fearing & Associates insurance agency, with 4 employees and Mollie, has 1,750 flood insurance policies and more than \$650,000 of coverage.

Cross-line prospecting, participating in various committees, giving presentations to local banks and lenders, and advertising in the Yellow Pages are ways that the Mollie A. Fearing & Associates agency markets flood insurance and increases awareness of floods.

This agency has demonstrated a strong underwriting technical capability and provided suggestions to FIA for changes in the policy language. They have also assisted insureds and other agencies in North Carolina, Virginia, and West Virginia.

One of Mollie's priorities is to educate others about construction codes, flood requirements, and applicable regulations. For all of these reasons, the NFIP Servicing Contractor, NCSI, nominated Mollie A. Fearing & Associates for this award. ■

Confluence, from page 8

requirement for flood insurance. And the flood insurance requirement is not administered consistently.

- *The message is not received through the insurance agent and real estate broker.* They are not always aware of the risk or knowledgeable of flood insurance. Sometimes they are uninformed or misinformed. And some are just not motivated to sell it.
- *Agents and lenders are uninformed.* Insurance and real estate agents and lenders provide inaccurate information.
- *The terminology is confusing.* Special Flood Hazard Area, 100-year flood, 1% chance per year, disaster assistance — terms that people are not familiar with.
- *The idea that it hasn't happened here.* Floods are perceived as a coastal problem or as problems only for areas near a big river.

Suggestions – General Public

This group is defined as the consumers who buy flood insurance. The message should change perceptions and create a demand...Here are some suggestions for messages:

- *It can happen to you!* Everyone is in a flood zone—only the degree of risk varies, and just because it hasn't happened doesn't mean it won't.
- *The consequences of flood damage can be devastating!* Show actual damage, and explain that most forms of disaster assistance are loans you have to repay or grants that are not sufficient to cover all your needs.
- *You may not get any help!* If the disaster is not Presidentially declared, Federal disaster assistance won't be available; if you didn't buy coverage when you should have, you may not get a claim payment; if you get caught in the 30-day waiting period and a flood happens, you won't get a claim payment.

There are a number of vehicles to address these issues, change the perception, and create demand.

- Internet/Information Superhighway
 - Centralized database of information
 - Basic information and education

- Television/Videos with Flood 101 educational information
 - Interactive computers set up in kiosks
 - Schools and libraries
 - Public Access television
 - Trade associations
 - Individual agents, brokers, lenders
 - QVC/Home Shopping Network
- Advertising
 - Television
 - Yellow Pages
 - Target areas
- Local media/public officials
 - Support national ads
 - Free publicity at events attended by the Administrator
 - Regionalized ads and media
 - Public Service Announcements
- Insurance agents and companies
 - Laser print messages on homeowner policies—"NOT COVERED FOR FLOOD DAMAGE"
 - Include flood insurance notices with bills
 - Display flood maps on the walls of your office

Suggestions – Experts

We need to educate and motivate the "experts." We must provide a common source of information and interpretation about flood insurance. This is important for several reasons: (1) It's good business; (2) It reduces E&O exposure; (3) It's mandated that the insurance be sold; (4) The public will demand it—we need

to be ready to respond; and (5) We need a consistent and easy-to-understand message to tell the consumer.

- *Provide Flood 101 (video, seminar, Internet)*
Offer continuing education credits, and support sales efforts
- *Appeal to their self-interest*
Solicit through commissioners, community service, customer service opportunities
- *Offer easy access to information*
Advertise the WYO companies
- *Promote the national campaign*
FIA to Partner with the Companies in Support of National Ads
- *Form partnerships*
Partnership with local, regional, and Federal officials
- *Educate trade associations*
Make sure trade associations get the messages from local, regional, and Federal officials
- *Reach all the "experts"*
Include those working with the lower income population. Most lower income families only rent and have not had an opportunity to hear a lender's message, but still need flood insurance.

To see how the FIA is responding to many of these suggestions, read the updates about Lender Compliance, Program Simplification, and Marketing in this issue. **W**

Waiting Period Exceptions

Section 579 of the National Flood Insurance Reform Act of 1994, mandates a 30-day waiting period for new or increased flood insurance policies. This is the waiting period before which coverage becomes effective under the Standard Flood Insurance Policy. However, the regulation language, as it was written, created a number of adverse and inequitable situations. As a result of these situations, four Policy Decisions have been made.

The 30-day waiting period will not apply:

- When there is an existing insurance policy and an additional amount of

insurance is required in connection with the making, increasing, extending, or renewing a loan, such as a second mortgage, home equity loan, or refinancing. The increased amount of flood coverage will be effective as of the time of the loan closing, provided the increased amount of coverage is applied for and the presentment of additional premium is made at or prior to the loan closing.

- When an additional amount of insurance is required as a result of a map revision. The increased amount

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Selling Flood Insurance in the 90's and Beyond

by Dave Dressler
Conference and Product Development Administrator

In 1994, Elaine A. McReynolds, Federal Insurance Administrator, issued a challenge to the Write Your Own companies to increase their flood insurance policy base by 20 percent within a 2-year period beginning October 1, 1994, and ending September 30, 1996.

American National Property and Casualty (ANPAC) is one of the WYO companies accepting this challenge, and by creating an incentive plan for our agents, we are proud to say that we have increased our flood insurance policy base by 67.8 percent in just the first year.

ANPAC, whose Home Office is located in Springfield, Mo. uses a captive agency distribution system with 1,300 agents located in 32 states. ANPAC is solely owned by American National Insurance Company of Galveston, Tx.

Being a full-service provider, ANPAC always makes flood insurance a part of each property sales presentation. The low cost policy, with its simplified application and lower rates, is used for dwellings located outside of Special Flood Hazard Areas. The low cost policy offers both the agents and the customers the opportunity to provide and obtain flood coverage at a reasonable price. Those customers who are not interested in obtaining flood insurance are asked to sign a waiver indicating they were given the opportunity to purchase flood insurance but declined.

Our incentive plan pays a 5 percent bonus at the end of the calendar year to those agents whose flood insurance policy base for new and renewal business exceeds \$20,000. In addition, to qualify for the company's overseas trips

and for expense-paid regional sales seminars, each agent must produce a specific number of policies. Flood policies are counted the same as the other lines of business to meet this requirement.

News/infomercials are published quarterly and distributed to agents informing them about NFIP changes and available materials. Also included in each publication are success stories

of how the agents and customers benefited by having flood insurance.

All new agents are expected to attend a flood training program that includes all aspects of completing a flood application.

All of this helps to focus the agent's attention on the perils of flood, and to keep focus on providing the best customer service. ■

Award Winners Announced At '95 Conference

The FIA has been honored to work with enthusiastic and dedicated people in the insurance industry for more than 27 years. To recognize that support, FIA initiated a number of awards, including the Administrator's Club, the Agency of the Year Award (formerly referred to as Agent of the Year Award), and the Public Awareness Materials Contest. The National Flood Conference Committee established another award in honor of former FIA employee Donald L. Collins, who passed away in 1995. Mr. Collins was dedicated to developing and maintaining partnerships, and with the increased focus on all of the partnerships, the conference committee awarded the first Donald L. Collins Partnership Award.



From left to right: David Cruikshank, Service Ins. Co.; Jane Cook, U.S. Security Ins. Co.; Elaine A. McReynolds, Federal Insurance Administrator; Ken Howard, Nationwide Mutual Fire Ins. Co.; Daniel LaBar, American Southern Home, Trophy Winner; Scott Shelton, Southern Farm Bureau Casualty Ins. Co.; Donald Anderson, Vesta Fire Ins. Co.

Administrator's Club

This award is especially important since its focus is flood insurance policy growth, and we are all working hard to reach 20-percent growth by the end of September 1996. To qualify in Arrangement Year 1994, Write Your Own companies had to achieve a flood insurance policy growth of 10 percent with at least 2,000 genuinely new policies. Six companies, the Administrator's Club winners, met and even exceeded these criteria. The company with the highest percentage of growth received a trophy, a smaller version of the one displayed at FIA with the names of all the trophy winners since this award was initiated. The winners are listed on page 15.

(continued on page 15)

MAJOR FLOODS AND FIELD NOTES

Figures as of December 1, 1995

| EVENT AND DATE | STATES/TERRITORIES AFFECTED | POLICIES IN FORCE (STATEWIDE) | POLICIES IN FORCE (AFFECTED AREAS) | LOSSES PAID | DOLLARS PAID IN LOSSES | % OF LOSSES CLOSED |
|--|-----------------------------|-------------------------------|------------------------------------|-------------|------------------------|--------------------|
| GENERAL FLOODS <i>January 4-16, 1995</i> | California | 209,627 | 188,297 | 3,197 | \$ 72,280,470 | 98.6% |
| GENERAL FLOODS <i>March 9-14, 1995</i> | California | 219,858 | 219,768 | 1,473 | \$ 32,617,320 | 98.0% |
| GENERAL FLOODS <i>April 11, 1995</i> | Louisiana | 267,020 | 195,572 | 875 | \$ 9,323,423 | 97.4% |
| GENERAL FLOODS <i>May 8-11, 1995</i> | Louisiana | 267,107 | 202,858 | 27,387 | \$ 539,703,458 | 95.2% |
| HURRICANE OPAL <i>October 3-5, 1995</i> | Florida | 1,381,393 | 46,566 | 4,540 | \$ 139,679,676 | 61.7% |

1995's Amazing Hurricane Season

A remarkable 11 hurricanes resulted from 19 tropical depressions since the 1995 hurricane season began on Jun. 1, 1995. With the season barely 24 hours old, Hurricane Allison formed in the Caribbean Sea and sped toward the Florida Panhandle. Ten additional hurricanes were named in the amazing hurricane season of 1995. ■

| <u>Hurricane</u> | <u>Date</u> | <u>Category</u> |
|------------------|------------------|-----------------|
| Allison | Jun. 3-6 | 1 |
| Erin | Jul. 31-Aug. 3 | 1 |
| Felix | Aug. 8-7 | 4 |
| Humberto | Aug. 22-Sept. 1 | 2 |
| Iris | Aug. 22-Sept. 4 | 2 |
| Luis | Aug. 22-Sept. 11 | 4 |
| Marilyn | Sept. 12-22 | 3 |
| Noel | Sept. 27-Oct. 4 | 1 |
| Opal | Sept. 27-Oct. 5 | 3 |
| Roxanne | Oct. 9-19 | 1 |

Community Rating System

The NFIP helps reduce flood damage by making flood insurance available only in communities that adopt and enforce floodplain management ordinances. The tie between reducing physical risks is directly linked to reducing financial risks. The NFIP's Community Rating System (CRS) makes this tie even stronger by rewarding residents with reduced premiums when their community takes actions that provide even greater protection and awareness required for participation in the NFIP.

In the last issue of *Watermark*, we covered the Public Awareness category of the CRS. Many of you are working diligently to help your community in this area. In addition to Public Awareness, three other categories of activities can help your community reduce the

physical damage of floods while reducing flood insurance premiums. These are: Mapping and Regulations, Flood Damage Reduction, and Flood Preparedness.

Mapping and Regulations give additional credit to community programs that provide increased protection to new development. These activities include mapping areas not shown on the Flood Insurance Rate Map, preserving open spaces, enforcing higher regulatory standards, and managing stormwater.

Flood Damage Reduction credits programs for areas in which existing development is at risk by acquiring and/or relocating floodprone buildings so that they are out of the floodplain. This also covers addressing repetitive loss

problems and maintaining drainage systems by conducting periodic inspections of all channels and retention basins, and removing debris.

Flood Preparedness is the third activity for which credits are awarded to communities who provide early flood warnings to the public and have a detailed flood response plan. Credits are also awarded for maintaining levees which are not credited with providing base flood protection, and for adopting an approved dam safety program.

If you want to learn more about the NFIP/CRS, there are many publications available to you absolutely free by writing to:

Flood Publications
NFIP/CRS
P.O. Box 501016
Indianapolis, IN 46250-1016 ■

Award Winners, from page 13

Administrator's Club Award Winners

| | |
|--|--|
| American Southern Home trophy winner | Southern Farm Bureau Casualty Insurance Company |
| Nationwide Mutual Fire Insurance Company | U. S. Security Insurance Company |
| Service Insurance Company | Vesta Fire Insurance Company |

Agency of the Year Award Winners

Winners of the Agency of the Year Award are based on nominations we receive about these agencies. For more information, see "Benchmarks" on page 9.

Eagan Insurance Agency — *WYO Companies with more than 200,000 policies*
MacNeill & Son — *WYO Companies with between 100,000 and 200,000 policies*
Key Agency — *WYO Companies with less than 100,000 policies*
Mollie A. Fearing — *Direct Agency*

Public Awareness Materials Contest

The winners of this contest are based on votes of conference attendees. Public awareness materials are displayed for one day of the conference. Conference attendees are given one ballot in their conference materials to vote for their favorites of the many materials submitted.

We tallied up your votes and determined the winners. The winners are listed below.

| | |
|--|--|
| Flood Insurance Brochure | Omaha Property & Casualty |
| Flood Insurance Advertising Envelope | Bankers Insurance Company |
| Flood Insurance Kit | Omaha Property & Casualty |
| Flood Insurance Mailing Insert (Stuffer) | Bankers Insurance Company |
| Flood Insurance Poster | Unisun |
| Flood Ins. Print Video Advertisement | <i>tie between: USAA and NJ Re-Insurance</i> |
| Flood Insurance Specialty Item | Southern Farm Bureau |
| Flood Insurance Spanish Item | Bankers Insurance Company |

Donald L. Collins Partnership Award



**AL
LEQUANG**
*Winner, Donald L.
Collins Partnership
Award*

During his tenure at the Federal Insurance Administration, Don Collins helped foster a close working relationship with the insurance industry. He was largely responsible for the good will enjoyed by the National Flood Insurance Program with its industry partners. Nearly all of Don's work involved creating and maintaining partnerships. He set the standard for excellence in the FIA. In his honor, the National Flood Conference Committee created a special recognition for those involved with the NFIP who work toward partnerships. We have named it the Donald L. Collins Partnership Award. This year, this award was presented to our partner, Mr. Al LeQuang of Freddie Mac.

Mr. LeQuang has been a partner of the NFIP for many years. His involvement with the program has included helping implement the Mandatory Purchase of Flood Insurance Act of 1973 and initiating the successful implementation of the National Flood Insurance Reform Act of 1994. He has been active in promoting all aspects of the program, always demonstrating his partnership with the FIA. His efforts resulted in increased compliance with the mandatory purchase of flood insurance requirements by focusing on flood insurance compliance in the secondary mortgage market. Through this greater compliance, more servicing markets and property owners in Special Flood Hazard Areas are protected. ■

**Waiting Period Exceptions,
from page 12**

of coverage will be effective at 12:01 a.m. on the first calendar day after the date the increased amount of coverage is applied for and the presentment of additional premium is made.

- When flood insurance is required as a result of a lender determining that a loan that does not have flood insurance coverage should be protected by flood insurance. The coverage will be effective upon the completion of an application and the presentment of payment of premium.
- When an additional amount of insurance is being obtained in connection with the renewal of a policy. The increased amount of coverage will be effective at 12:01 a.m. on the date of policy renewal, provided the premium for the increased coverage is received before the expiration of the grace period.

The first three Policy Decisions became effective Jan. 2, 1996. The fourth was effective immediately at the time of the policy issuance on Dec. 5, 1995. FIA prepared and distributed Policy Issuance 8-95 to WYO companies to alert them of these decisions. ■